

# KENTUCKY

## TEACHERS' RETIREMENT SYSTEM

ACTIVE MEMBER  
EDITION



November/December  
2008

### KTRS Board of Trustees Chair & Vice Chair Elected



**BARBARA G. STERRETT**, of Lexington, was elected chair of the Board of Trustees for the 2008-2009 fiscal year at the Board of Trustees meeting held June 16, 2008. Mrs. Sterrett represented active members on the Board from 1990 until her retirement in 2003. In May 2005, she was elected to represent retired members. She served as the Board's vice-chair during fiscal year 2007-2008.



**DR. JOSEPH A. (JAY) MORGAN**, of Murray, was elected vice-chair for the 2008-2009 fiscal year at the Board of Trustees meeting held June 16, 2008. Dr. Morgan has represented active members on the Board since July 2006.

### Members Elect Trustee to KTRS Board

The election for the position on the KTRS Board of Trustees, due to the expiring term of Dr. Zella F. Wells, was conducted during May 2008. Chief State School Officer Jon Draud certified the results of the election to the KTRS Board of Trustees.

**TOM SHELTON** of Owensboro was elected to a four-year term as active member trustee.

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### Conservative Investments Holding Up Well Under Current Market Conditions

The assets of active and retired teachers are conservatively invested and this strategy is serving the retirement system well in the current market. This conservative approach has been adopted, in part, with the knowledge that approximately 96% of the retirement system's members do not participate in Social Security and therefore their KTRS retirement allowance may be the only retirement plan upon which they will be able to rely.

Under the current economic conditions, all state public pension plans and other institutional investors are experiencing a decline in the market value of their assets, but, under its more conservative investment approach, the decline in the market value of KTRS assets has been less severe. There have been no investments in hedge funds, sub-prime mortgages and their derivatives, credit default swaps or other leveraged investment schemes that are now experiencing dramatic declines in value. When compared to other public and private plans with assets of \$1 billion or more, KTRS's investment performance has

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Mr. Shelton earned a Bachelors Degree, Masters Degree, and Rank I from Murray State University and is completing a Ph.D. in educational leadership at the University of Louisville. He has served as the superintendent of the Daviess County Public Schools district since July 2004, after nine

years as the district's assistant superintendent for finance and operations. He is a lifetime member and former president of the Kentucky Association of School Business Officials, and is currently serving as a representative of the Kentucky Association of School Superintendents on the Kentucky School Boards Insurance Board of Trustees. Mr. Shelton is a KEA member and works with its membership for advocacy on insurance and retirement issues.

Mr. Shelton's civic involvement has included membership on the boards of the United Way of Owensboro/Daviess County; the Community Foundation of Owensboro/Daviess County; and the Chamber of Commerce of Owensboro/Daviess County.

Mr. Shelton's term of office began July 1, 2008 and will end June 30, 2012.

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**CONSERVATIVE** *continued from page 1 ...*

ranked in the top 15% for the last quarter, the top 17% over the last two quarters, the top 26% over the last three quarters, and the top third over the past year.

The independence of the KTRS Board of Trustees allows it to focus solely on the interests of its members. This is the cornerstone principle that has allowed KTRS to earn respectable investment returns within acceptable levels of risk over the long-term while at the same time working to conserve members' assets, even during periods of economic turbulence. A focus on good value, quality, risk control, and low costs prevails in the long run while providing the security our members need. The KTRS Board will never compromise that security by losing sight of these principles.

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## **Dr. Zella F. Wells Retires and Leaves KTRS Board of Trustees**



KTRS Board of Trustees' Chairman, Dr. Zella F. Wells, who had served as a member of the Board of Trustees since July 2004, retired from teaching on June 30, 2008.

We wish to thank Dr. Wells for her commitment to education and for her numerous contributions to the successful operation of the Teachers' Retirement System. We also express appreciation for her service to the public school teachers of the Commonwealth of Kentucky.

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## **Change in Effective Date for Retiree Health Insurance Coverage**

Effective January 1, 2009 the Kentucky Teachers' Retirement System (KTRS) will begin retiree health insurance coverage on the first day of the month in which the retirement becomes effective, provided a completed insurance application has been submitted by the appropriate deadline. This change was predicated by the Department of Employee Insurance's recent announcement to offer a "Premium Holiday" for individuals with medical insurance coverage in the Kentucky Employees Health Plan. This change will require employers to deduct "same month" for health insurance, eliminating pre-payment of premiums.

In addition, the due date for all Service Retirement and Health Insurance Applications will now be the first day of the month prior to the retirement effective date. For example: If a member desires to retire February 1, 2009, the completed application(s) must be on file at KTRS no later than January 1, 2009.

## Please Review Your Annual Statement

The Kentucky Teachers' Retirement System annual statements for fiscal year ending June 30, 2008, were mailed in early October 2008. The accuracy of the information contained in this statement is important to your retirement and serves as the basis for preparing an estimate of your retirement benefits. Your employer furnished the salary and service credit reflected on your statement. To assist members in maintaining accurate retirement accounts, KTRS will perform service credit audits on member accounts that will be eligible to retire in the next two years. You can help by carefully reviewing your statement to assure its accuracy. **Please pay particular attention to the total service credit ending balance at June 30, 2008.** Members are entitled to receive a full year of service credit if they have no more than five days without pay during a year. If you think your account may have an error, please contact your employer. Your employer will then notify KTRS of errors and/or omissions that need to be corrected.

## Medicare Prescription Drug Plan Request for Qualifications (RFQ)

KTRS' current self-funded Medicare Eligible Prescription Drug Plan pays prescription claims as the primary payer. The Medicare Modernization Act legislation opened a window of opportunity for insurance carriers or pharmaceutical benefits managers to offer insured or self-funded drug plans called Employer Group Waiver Prescription Drug Plans. These plans have been well received in the group market producing a competitive environment.

KTRS has issued a Request for Qualifications (RFQ) for a broker/consultant for a Medicare Prescription Drug Plan, known as an Employer Group Waiver Plan under the Medicare Modernization Act. The solicitation was drafted in accordance with the existing Medicare Eligible Prescription Drug Plan design; therefore, the existing plan design, out-of-pocket costs, and pharmacy access will not materially change. The KTRS Medicare Advantage Private-Fee-for-Service plan, currently administered by Humana, will not be affected by this plan.

## Timely Reminders of Deadlines for Purchasing 2007-08 Service Credit

Members granted leaves of absence in the 2007-08 school year should contact KTRS about recovering this credit. The deadline for purchasing unpaid days covered by a leave in 2007-08 is June 30, 2009.

### Mid-Career Planning Workshops

5:30 – 8:30 P.M.  
(Local Time)

Jan 12	Country Hearth Inn, Elizabethtown
Jan 13	Breckinridge Inn, Louisville

### Pre-Retirement Seminars

9:15 A.M. – 1:00 P.M.  
(Local Time)

Jan 31	Jefferson County Schools, Louisville
Feb 28	Erlanger-Elsmere Ind., Erlanger
Mar 21	Natural Bridge SRP, Slade
Apr 18	KTRS, Frankfort
May 02	Pine Mountain SRP, Pineville

Please visit [www.ktrs.ky.gov](http://www.ktrs.ky.gov) for all workshop & seminar REGISTRATION along with address information. Additional workshops/seminars may be added.

## KTRS Holiday Closing Schedule

**The Kentucky Teachers' Retirement System  
will be closed to  
observe the upcoming holidays:**

### Christmas

Thursday & Friday, December 25 - 26, 2008

### New Year's

Thursday & Friday, January 1- 2, 2009

## Members Should Designate a Beneficiary for their KTRS Account

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All active and retired members should designate a beneficiary for their KTRS account. Active members need to file beneficiary designations for both the receipt of the KTRS life insurance benefit and for receipt of their account balance. Retired members need to file a beneficiary designation for the KTRS life insurance benefit. Failure to designate a beneficiary can result in much unnecessary difficulty and expense for a member's survivors, including the need to go through the expense of probate and the appointment of an administrator or executor even in those cases where these costs and procedures could otherwise have been avoided. For active members, failure to designate a spouse as beneficiary can result in the loss of valuable spousal survivor benefits. Designation of a beneficiary is by far the best way for you to ensure that your wishes for the distribution of these valuable assets is properly carried out. Please contact the retirement system if you need a beneficiary designation form.

## KTRS is here for ALL of our MEMBERS!

As always, if you have any questions please give us a

call ... and talk to a  
LIVE person!

One of our Information  
Specialists will be happy to  
assist you!

Toll Free at  
1-800-618-1687  
Monday through Friday  
from 8:00 - 5:00pm

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OF THE STATE OF KENTUCKY  
479 Versailles Road  
Frankfort, Kentucky 40601-3800



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